

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION FINANCE COMMITTEE

MINUTES OF MEETING

November 15, 2011



The Finance Committee met on November 15, 2011, in the Robert F. Carlson Auditorium, Lincoln Plaza Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 10:50 a.m. and the following members were present:

Louis F. Moret, Vice Chair Terry McGuire for John Chiang JJ Jelincic Grant Boyken for Bill Lockyer Tony Oliveira

Excused Member(s):

Henry Jones, Chair Priya Mathur

Other Board Member(s):

Rob Feckner
Ralph Cobb for Ron Yank
Michael Bilbrey

AGENDA ITEM 2a - APPROVAL OF AUGUST 16, 2011, MEETING MINUTES

The minutes were approved as presented.

AGENDA ITEM 3a - CHIEF AUDITOR'S REPORT

Margaret Junker, Chief Auditor, presented a matrix reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

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AGENDA ITEM 3b - OFFICE OF AUDIT SERVICES QUARTERLY AND YEAR-END REPORT

Ms. Junker presented the quarterly and year-end report to the Committee as an information item.

AGENDA ITEM 3c - EXTERNAL AUDIT FEES

Ms. Junker presented the external audit fees to the Committee as an information item.

AGENDA ITEM 3d – OFFICE OF AUDIT SERVICES CHARTER REVISION (SECOND READING)

Ms. Junker presented the second reading of the revised charter to the Committee as an action item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the revised Office of Audit Services Charter as a second reading.

AGENDA ITEM 4a – OFFICE OF ENTERPRISE COMPLIANCE QUARTERLY REPORT

Sheri Hofer, Enterprise Privacy and Protection Officer, presented the quarterly report to the Committee as an information item.

AGENDA ITEM 4b – OFFICE OF ENTERPRISE COMPLIANCE REPORT

Ms. Hofer presented the report to the Committee as an information item.

AGENDA ITEM 4c - CALPERS ETHICS HELPLINE REPORT

Ms. Hofer presented the status report to the Committee as an information item.

AGENDA ITEM 5a – YEAR END BUDGET AND EXPENDITURE REPORT FOR FISCAL YEAR 2010-11

Dave Cornejo, Acting Division Chief, Fiscal Services Division, presented the year-end report to the Committee as an action item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the transmittal letter for this agenda item and submission of the Year End Budget and Expenditure Report for FY 2010-11 to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2010,

and to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel.

AGENDA ITEM 5b - FISCAL YEAR 2011-12 HEALTH BUDGET CHANGE PROPOSAL

Mr. Cornejo presented this item to the Committee as an action item.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve:

- 1. The proposed increase of \$202,000 and 2.0 limited-term positions to the Contingency Reserve Fund in FY 2011-12 for a total CRF budget of \$26,926,000 and recommends the Board approve this revised budget.
- 2. The proposed decrease to the Public Employees' Retirement Fund of \$202,000 in FY 2011-12 for a total PERF budget of \$284,469,000 and recommends the Board approve this revised budget.
- 3. The transmittal of this agenda item to the Joint Legislative Budget Committee and Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with the 2011 Budget Act, and to the Legislative Analyst's Office and the State Consumer Services Agency.

AGENDA ITEM 5c - FISCAL YEAR 2011-12 MID-YEAR BUDGET REVISIONS (FIRST READING)

Mr. Cornejo presented the first reading of the mid-year budget revisions to the Committee as an action item.

On **MOTION** by Grant Boyken, **SECONDED** and **CARRIED**, the Committee recommended the Board approve:

- 1. The proposed CalPERS FY 2011-12 Mid-Year increase of 25.0 positions, increasing CalPERS total authorized positions to 2,393*, while maintaining the existing Administrative Budget of \$334,196,000, and recommend the Board approve the Budget as a first reading.
- 2. The proposed CalPERS FY 2011-12 Mid-Year increase of \$6,844,000 to the Enterprise Projects Budget for a total budget of \$49,855,000, and recommend the Board approve the Budget as a first reading.
- 3. The proposed CalPERS FY 2011-12 cost allocation adjustments to the Public Employees' Retirement Fund (PERF), and other funds, and recommend the Board approve the cost allocation as a first reading.

4. The transmittal of this agenda item to the Joint Legislative Budget Committee and the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with the Budget Act of 2011, and to the Legislative Analyst's Office and the State and Consumer Services Agency.

AGENDA ITEM 5d - DRAFT AUDITED BASIC FINANCIAL STATEMENTS

Mr. Cornejo presented the basic financial statements, as audited by Macias Gini & O'Connell LLP, as of and for the year ended June 30, 2011, to the Committee as an action item.

As a result of discussion, the recommendation was amended to include the potential for additional information from the Investment Office to be included in the basic financial statements and to defer transmittal of the statements at this time.

Staff will coordinate with the Committee Chair to approve the transmittal of the final statements.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the basic financial statements, as audited by Macias Gini & O'Connell LLP, as of and for the year ended June 30, 2011.

AGENDA ITEM 5e – FISCAL YEAR 2010-11 FOURTH QUARTER DELINQUENCY REPORT

Steve Pietrowski, Assistant Division Chief, Fiscal Services Division, presented the report to the Committee as an information item.

AGENDA ITEM 5f – CURRENT BUDGET ISSUES

Mr. Cornejo presented the State Budget issues to the Committee as an information item.

AGENDA ITEM 5g - CURRENT FINANCIAL REPORTING ISSUES

Mr. Cornejo presented information regarding the Governmental Accounting Standards Board Response and the Government Financial Officers Association Award to the Committee as an information item.

AGENDA ITEM 6a – ANNUAL CONTRACTS AND PROCUREMENT ACTIVITY REPORTS FOR PERIOD JULY 1, 2010 THROUGH JUNE 30, 2011

Kim Malm, Division Chief, Operations Support Services Division, presented the annual report to the Committee as an information item.

AGENDA ITEM 6b – SMALL BUSINESS AND DISABLED VETERAN BUSINESS ENTERPRISE CONTRACT PARTICIPATION, FISCAL YEAR 2010-11 ANNUAL REPORT

Ms. Malm presented the annual report to the Committee as an information item.

AGENDA ITEM 7a – CALPERS 2011-12 BUSINESS PLAN UPDATE

Nancy Quinlan, Division Chief, Enterprise Strategy and Performance Division, presented the update to the Committee as an information item which resulted in Committee action.

On **MOTION** by Tony Oliveira, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed changes to the 2011-12 Business Plan.

AGENDA ITEM 8a – ASSISTANT EXECUTIVE OFFICER'S REPORT ON INFORMATION TECHNOLOGY ACTIVITIES

Dale Jablonsky, Assistant Executive Officer, Information Technology Services Branch, presented a matrix reflecting the status of various activities occurring within the Information Technology Services Branch to the Committee as an information item.

AGENDA ITEM 9a – ACTING CHIEF FINANCIAL OFFICER'S REPORT ON ADMINISTRATIVE SERVICES ACTIVITIES

Russell Fong, Acting Chief Financial Officer (CFO), presented the CFO Board Report and 2011 Master Finance Committee Calendar to the Committee as an information item.

AGENDA ITEM 9b - PROPOSED DECEMBER 2011 AGENDA

The proposed agenda was approved as presented.

AGENDA ITEM 10a - PUBLIC COMMENT

There was no public comment.

The meeting of the Finance Committee was adjourned at 12:19 p.m.

The next Finance Committee meeting is scheduled for December 13, 2011, in Sacramento, California.

Date:	
	RUSSELL G. FONG
	ACTING CHIEF FINANCIAL OFFICER